




**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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August 5, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe 
Auditor-Controller

SUBJECT: **TESSIE CLEVELAND COMMUNITY SERVICES CORPORATION – A
DEPARTMENT OF MENTAL HEALTH PROGRAM SERVICE
PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a contract compliance review of Tessie Cleveland Community Services Corporation (Tessie or Agency), which included a sample of transactions from Fiscal Years (FY) 2011-12 and 2012-13. The Department of Mental Health (DMH) contracts with Tessie to provide mental health services, including interviewing Program clients, assessing their mental health needs, and implementing treatment plans. The purpose of our review was to determine whether Tessie provided the services in accordance with their DMH contract. We also evaluated the adequacy of the Agency's accounting records, internal controls, and compliance with the contract and applicable guidelines.

DMH paid Tessie approximately \$7.7 million on a cost-reimbursement basis for FY 2011-12, and for FY 2012-13 the contract amount was approximately \$10.2 million. The Agency provides services in the Second Supervisorial District.

Results of Review

Tessie maintained documentation to support the billings and the staff assigned to the DMH Program had the required qualifications. Tessie also maintained adequate controls over their cash and fixed assets, and maintained adequate documentation to support their DMH Program expenditures.

Review of Report

We discussed our report with Tessie and DMH. Tessie is not required to submit a response to this report, because there are no findings or recommendations.

We thank Tessie's management and staff for their cooperation and assistance during our review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:AB:DC:EB:sk

Attachment

c: William T Fujioka, Chief Executive Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Ty Ingram, Board President, Tessie Cleveland Community Services Corp.
Moses Chadwick, Executive Director, Tessie Cleveland Community Services Corp.
Public Information Office
Audit Committee

**TESSIE CLEVELAND COMMUNITY SERVICES CORPORATION
DEPARTMENT OF MENTAL HEALTH
FISCAL YEARS 2011-12 AND 2012-13**

BILLED SERVICES

Objective

Determine whether Tessie Cleveland Community Services Corporation (Tessie or Agency) provided the services billed to the Department of Mental Health (DMH) in accordance with their DMH contract.

Verification

We selected 40 (1%) of the 3,691 approved Medi-Cal billings and 10 (2%) full-day billings of the 539 approved service days for December 2011 and January 2012, which were the most current billings available at the time of our review (March 2013). We reviewed the Assessments, Client Care Plans, Progress Notes, and Weekly Summaries maintained in the clients' charts for the selected billings. The 40 billings and 10 days represent services provided to 20 clients. In addition, we reconciled an additional 71 service days billed for the Day Treatment Intensive (DTI) Program to the client sign-in sheets.

Results

Tessie maintained documentation to support the billings reviewed, and completed their Assessments, Client Care Plans, Progress Notes, and Weekly Summaries in accordance with their DMH contract requirements.

Recommendation

None.

STAFFING LEVELS

Objective

Determine whether Tessie maintained the appropriate staff to client ratio of 1:8 in its DTI Program.

Verification

We selected five days that Tessie billed for the DTI Program in December 2011 and January 2012 and reviewed the clients and staff sign-in sheets and staff timecards.

Results

Tessie maintained the required staff to client ratio.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether Tessie's treatment staff had the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 19 of the 107 treatment staff who provided services to DMH clients during December 2011 and January 2012.

Results

Each employee reviewed had the qualifications required to provide the billed services.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether Tessie recorded revenue in their financial records properly, deposited cash receipts into their bank accounts timely, and that bank account reconciliations were reviewed and approved by Agency management.

Verification

We interviewed Tessie management, and reviewed the Agency's financial records and January 2013 bank reconciliations for two bank accounts.

Results

Tessie recorded revenue properly, deposited cash receipts timely, and Agency management reviewed and approved bank reconciliations.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether Tessie prepared its Cost Allocation Plan (Plan) in compliance with their DMH contract, and used the Plan to allocate shared costs appropriately.

Verification

We reviewed the Agency's Plan, interviewed Agency management, and reviewed ten shared expenditures from November 2011 to January 2013, totaling \$234,520.

Results

Tessie prepared its Plan in compliance with the DMH contract and allocated their shared expenditures appropriately.

Recommendation

None.

EXPENDITURES**Objective**

Determine whether expenditures charged to the DMH Program were allowable under the DMH contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, and reviewed financial records for 23 expenditures, totaling \$47,841, that the Agency charged to the DMH Program from November 2011 to January 2013.

Results

Tessie's expenditures were allowable, properly documented, and accurately billed.

Recommendation

None.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether the Agency's fixed assets and equipment purchased with County funds were used for the appropriate Programs, and were safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets inventory listing. We performed an inventory and reviewed the usage of two items purchased with County funds.

Results

Tessie used the two items purchased with the DMH funds for the Program, and the assets were safeguarded.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether the Agency charged payroll costs to the DMH Program appropriately, and maintained personnel files as required.

Verification

We reviewed the Agency's financial records, and compared the payroll costs for 15 employees, totaling \$72,092 for March 2013, to the Agency's payroll records and timecards. We also reviewed the personnel files for the 15 DMH employees sampled.

Results

Tessie charged payroll expenditures to the DMH Program appropriately, and maintained the personnel files as required.

Recommendation

None.

COST REPORTS**Objective**

Determine whether Tessie's Fiscal Year (FY) 2011-12 DMH Cost Reports reconciled to their accounting records.

Verification

We compared the Agency's FY 2011-12 DMH Cost Report to their accounting records.

Results

Tessie's Cost Reports reconciled to their accounting records.

Recommendation

None.